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Noriega

CIA Data, Panel Told

Reports Are Said To Include Details On Kennedy, Helms

By Joe Pichirallo
Washington Post Staff Writer

Panama's strongman, Gen. Manuel Antonio Noriega, received "intelligence reports" prepared by the Central Intelligence Agency and the National Security Council on the political and personal views of U.S. senators and their aides, Jose I. Blandon, a former top Noriega political adviser, told a Senate panel yesterday.

Blandon said the information included reports on two leading critics of Noriega, Sens. Jesse Helms (R-N.C.) and Edward M. Kennedy (D-Mass.), and on two of their aides. He said the data about Kennedy included material on the senator's "personal problems."

"We had all types of information on him," Blandon said, referring to Kennedy.

The CIA yesterday denied that it furnished any information to Noriega about U.S. public officials.

Blandon, who has become a leading Noriega critic, did not provide a complete account of the alleged reports' contents and did not specify which U.S. government agency may have supplied them.

Testifying under oath before the Senate Foreign Relations subcommittee on terrorism, narcotics and international communications, Blandon said he read the CIA and NSC reports in connection with serving on a special Noriega political intelligence team that had access to information from Panama's intelligence agencies.

"As part of the political intelligence team in Panama, documents which were drafted in the area of political intelligence on individuals coming to Panama came into my hands," Blandon said. "And the CIA did prepare reports."

Under questioning by Sen. John F. Kerry (D-Mass.), subcommittee chairman, Blandon said the documents he saw were "clearly" from the United States and "marked 'classified.'"

Kerry said it would be "reprehensible" if the allegation is true and called it "as disturbing a revelation as I've heard in the course of a lot of disturbing revelations over the past year and a half."

Sed. Alfonse M. D'Amato (R-N.Y.), who has interviewed Blandon extensively, said that if true, the "charges are very serious . . . outrageous." D'Amato called Blandon a "very credible source" and said it would be illegal for the CIA to turn over reports on U.S. officials to Noriega.

D'Amato said he and Kerry have asked the Senate Select Committee on Intelligence to investigate Blandon's allegations.

Sven E. Holmes, staff director and general counsel to the Senate intelligence panel, said he has asked the CIA, NSC and Department of Defense to provide a quick response to Blandon's testimony.

In a statement, Kennedy said, "It is unconscionable to think that the CIA knew about Gen. Noriega's drug-trafficking activities and continued to work with him for such a long time, but it is even worse to think that the CIA would provide information about Noriega's leading American critics to the general himself."

"One can only wonder who the CIA is working for," Kennedy added.

The CIA said in a statement that it "categorically denies Blandon's assertions that it furnished any such information regarding U.S. senators

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and their staffers to the government of Panama."

A CIA spokesman said the agency is prohibited by law "from collecting or retaining information on the personal lives of U.S. officials and U.S. citizens. The CIA does not engage in this practice."

Blandon, 44, fired by Noriega last month as Panama's consul general in New York, also testified on Noriega's alleged links to international drug traffickers and said Noriega has received millions of dollars in payoffs.

Noriega, Panama's military commander and de facto ruler, was indicted last week by two U.S. grand juries on charges that he provided government protection and other services to drug smugglers.

Noriega has denied the drug allegations and has publicly labeled Blandon a "Benedict Arnold," or traitor.

Blandon said the Reagan administration's push to force Noriega to resign is undermined by the support Noriega still has within the U.S. government, which results in "mixed signals" being sent to Noriega.

Blandon testified that a top Noriega supporter is Nestor D. Sanchez, a former career CIA official who until last year was deputy assistant secretary of defense for Latin America. Blandon said Sanchez has a "very close friendship" with Noriega and that Sanchez believes that any criticism of the Panamanian military is counter to U.S. interests.

Sanchez, now a Defense Department consultant, could not be reached for comment yesterday.

An informed source said Blandon has said the CIA and NSC reports were provided through the Panamanian Embassy in Washington.

Continued

Among the reports Blandon cited were ones on two Senate aides, Deborah DeMoss, a Helms assistant, and Gregory Craig, a Kennedy staffer. DeMoss and Craig have traveled to Panama and assisted their bosses in winning a congressional ban on virtually all U.S. aid to Panama.

DeMoss and Craig said yesterday that the government-controlled Panamanian press has written articles about them as well as articles critical of Helms and Kennedy. They speculated that the detailed information may have come from the U.S. reports Blandon alleges were provided to Panama.

Blandon also testified that political extremist Lyndon H. LaRouche Jr.'s organization supplied Noriega with reports on U.S. senators. "Mr. LaRouche works for Noriega," Blandon said. LaRouche and his group have publicly praised Noriega and denounced his critics as drug dealers.

CIA briefed Noriega on lawmakers, Senate told

By James M. Dorsey
THE WASHINGTON TIMES

The CIA regularly sent Panamanian strongman Gen. Manuel Antonio Noriega reports on U.S. senators and congressional staff members that included information on their personal lives and political leanings, a former aide to the general testified yesterday.

Jose I. Blandon, who headed Gen. Noriega's "Political Intelligence Group" before becoming Panama's consul general in New York, said he saw the reports, which referred mostly to senators and their aides

who had sponsored legislation aimed at cutting off aid to Panama. He said the reports came from the CIA but included information provided by President Reagan's National Security Council.

CIA spokeswoman Sharon Foster, in a statement, denied Mr. Blandon's claims last night.

"The CIA categorically denies Blandon's assertion that the agency furnished any such information regarding U.S. senators or their staffers to the government of Panama," she said.

Mr. Blandon said the reports were in English on stationery of the CIA and the NSC.

Well-placed sources said the reports were given by the CIA to Lt. Col. Sandy Motta, defense attache at the Panamanian Embassy in Washington, who passed them on to Gen. Noriega.

Mr. Blandon, who was fired by Gen. Noriega last month, made his startling revelation during a day of testimony before the Senate Foreign Relations subcommittee on narcotics, terrorism and international communications that included tales of drug trafficking, murder, gunrunning, money laundering and a host of other illegal activities through which the commander-in-chief of the Panamanian Defense Forces allegedly amassed a vast fortune.

The information provided to Gen. Noriega involved, among others, Sen. Jesse Helms, North Carolina Republican, a longstanding critic of the general; his staff aide Deborah

Kennedy, Massachusetts Democrat; his aide Greg Craig; and, Sen. John Kerry, also a Massachusetts Democrat, Mr. Blandon said.

The reports detailed "Kennedy's positions, and his own personal problems — all types of information on him," Mr. Blandon said.

A report on Miss DeMoss prior to a visit by her to Panama stated that she "hated General Noriega," Mr. Blandon said.

He said intelligence on senators was also provided to Gen. Noriega

by political activist Lyndon LaRouche. "Mr. LaRouche works for Mr. Noriega," Mr. Blandon said.

Obviously angered, Mr. Kerry called Mr. Blandon's disclosure "as disturbing a revelation as I've heard in the course of a lot of disturbing revelations over the past year and a half."

He said it was "reprehensible" that the reports included details about senators' personal lives and suggested that sharing such data was "part of the ingratiation process, part of the sweetheart relationship" between Gen. Noriega and the CIA.

Mr. Kerry said he intended to raise the issue with the chairman of the Senate Intelligence Committee, Sen. David Boren, Oklahoma Democrat. He said those responsible should be fired if the testimony proved correct.

Sen. Alphonse D'Amato, New York Republican, said the CIA action raised "great legal and ethical doubts" and would constitute a "violation of the law."

Differences within the Reagan administration between the State and Defense departments resulted in Panama receiving "mixed signals" from Washington, Mr. Blandon said, adding that some within the administration still support Gen. Noriega.

Mr. Blandon singled out Nestor Sanchez, a former deputy assistant secretary of defense for inter-American affairs who now serves as a consultant to the Pentagon, as one of Gen. Noriega's staunchest supporters. Mr. Sanchez was Gen. Noriega's control officer when both men were on the CIA payroll, he said.

The former Panamanian official said a Panamanian intelligence officer had told him Mr. Sanchez and Gen. Noriega were business partners in real estate, but that he had no evidence of that.

A Defense Department spokesman declined comment on the allegation.

Listening to Mr. Blandon describe a "gigantic machine" that generated hundred of millions of dollars in profits, Mr. Kerry said key U.S. agencies including the Drug Enforcement Administration and the

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State Department, had either been duped by Gen. Noriega or blinded to the nature of his enterprises by their interest in Panama's strategic importance as the site of the Panama Canal.

Mr. Blandon said Gen. Noriega misled the DEA by turning over to the agency those involved in drug dealings that had no importance to him. "When he had problems with [someone] who had not paid, he'd turn them over to the DEA. Usually he'd turn over American citizens," Mr. Blandon said.

He said Gen. Noriega arranged in the early 1980s for arms shipments to Marxist rebels in El Salvador while ostensibly working with the CIA to counter the insurgency.

"So while Gen. Noriega was working for the CIA and being paid by us, he was selling arms to the groups we were opposing?" asked Mr. Kerry.

"Yes," Mr. Blandon replied.

One cocaine shipment by an alleged Noriega associate involved an apparent connection to the U.S.-backed rebels in Nicaragua, Mr. Blandon told the subcommittee.

Gen. Noriega has adamantly denied Mr. Blandon's accusations, and the general's lawyers have demanded the right to cross-examine Mr. Blandon to protect their client from "vicious untruths."

Gen. Noriega was indicted by two federal grand juries in Florida last week on charges he accepted millions of dollars in exchange for making Panama a safe haven for drug and money-laundering operations.

Mr. Blandon said Cuban President Fidel Castro once personally intervened in a dispute between Gen. Noriega and the Colombia's Medellin drug cartel to protect the Panamanian strongman from an assassination plot hatched by the cartel, which felt he had betrayed it.

Mr. Castro wished to maintain relations with Gen. Noriega because Panama acted as a conduit for Cuban high-technology imports from the United States and Cuban shrimp and tobacco exports to the United States, he explained.

The Cuban leader also sought influence in Latin America through powerful drug barons and was eager

to oppose the United States, he said.

Mr. Blandon showed the committee copies of photos of the meeting in Havana between Gen. Noriega and Mr. Castro during which the Cuban leader sought to resolve the dispute with the drug cartel. He estimated the Panamanian leader's fortune to be at least \$200 million but said there are other estimates pegging it closer to \$1 billion.

Mr. Blandon said Gen. Noriega lives lavishly, maintaining 13 homes in Panama, often furnished with imports from Asia; a fleet of luxury cars and aircraft; a residence in France; and no fewer than 200 military caps.

"Caps are to Noriega what shoes were to Imelda Marcos," said Mr. Kerry, referring to possessions left behind in Manila when Mrs. Marcos left the Philippines.

Mr. Blandon said as consul general in New York, he knew of shopping sprees by members of the Noriega family in which more than \$50,000 was spent in a single day. He said a son of the general bought a Porsche automobile last year for \$87,000.

He said the general's control of Panama is so complete that he receives \$3 million a year from the country's central bank as "petty cash."

He quoted an American pilot as saying Dr. Hugo Spadafora, a former deputy health minister in Panama and prominent Latin American revolutionary, had compiled documentary evidence against the general. Mr. Blandon said Dr. Spadafora — whose mutilated and beheaded corpse was found near the Costa Rican border in 1985 — made the mistake of announcing he was returning to Panama to make that information public.

"He was arrested, then assassinated," Mr. Blandon said.

Mr. Blandon said he once asked Gen. Noriega who had killed Dr. Spadafora.

"I didn't do it, but Maj. Cordoba did," he quoted Gen. Noriega as saying. Maj. Luis Cordoba, head of the national department of traffic and transportation, was charged with the murder of Mr. Spadafora, but the charges were later dropped.

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U.S. allegedly sent Noriega citizen reports

Former aide says CIA, NSC gave data on senators, staff

By Stephens Broening
Washington Bureau of The Sun

WASHINGTON — The CIA and National Security Council reported secretly to Panama's military ruler on the politics and private lives of potentially hostile U.S. senators and their staffs, the former head of a Panamanian intelligence bureau testified yesterday.

Jose I. Blandon, the former intelligence specialist, said he usually received classified reports — in English — by the CIA or NSC just prior to a visit to Panama of a senator or his staff member believed to be critical of Gen. Manuel Antonio Noriega, the Panamanian dictator.

"Noriega got them [the reports] and passed them on to us," Mr. Blandon said.

A spokesman for the CIA said, "The CIA categorically denies Blandon's assertion that the agency furnished any such information regarding U.S. senators or their staffers to the government of Panama." Asked about the NSC's involvement, the

White House said, "There is no evidence to substantiate the charge."

Meanwhile, the White House flatly rejected yesterday General Noriega's demand that the United States end its military presence in the country.

"Under the Panama Canal treaties, we have every right to be there and we don't anticipate any change in that status," spokesman Marlin Fitzwater said at his daily news briefing.

Testifying under oath before a Senate committee, Mr. Blandon recalled, "We had information with respect to [Sen. Edward M. Kennedy] stating his political position and his own personal problems. We had all types of information on him," he said. "We also had information about Mr. [Sen. Jesse] Helms and his activities."

Both the liberal Massachusetts Democrat and the conservative North Carolina Republican have been critical of General Noriega.

On the eve of a trip to Panama by Deborah DeMoss, a Latin America specialist on Senator Helms' staff, Mr. Blandon said, "We received complete information." Miss DeMoss said during a break in the hearing that the information in the reports, which she said now has been given to her privately, "went far beyond what's available in press clippings."

Sen. John Kerry, D-Mass., chairman of the Foreign Relations subcommittee on narcotics and terrorism, said CIA spying on U.S. citizens is illegal. He said he intended to take Mr. Blandon's allegations to Sen. David L. Boren, D-Okla., chairman of the Senate Intelligence Committee.

Sen. Alfonse M. D'Amato, R-N.Y., said, "This violates the law. It is illegal [for the CIA] to be gathering this information, and to supply it to Noriega simply compounds the felony."

For years, Mr. Blandon was director of what he called "a specialized political intelligence office" that reported directly to Panama's military commander. In addition, he was widely known as one of General Noriega's most trusted political advisers. He broke with the general a few weeks ago when Mr. Noriega repudiated Mr. Blandon's efforts to mediate Panama's growing political crisis.

Mr. Blandon said he was speaking out because "I want to save [Panama] from the grasp of a criminal enterprise" run by General Noriega and his cronies.

He provided new details about what he said was the general's involvement in large-scale narcotics trafficking, gun-running, money-laundering, kickbacks, murder and looting of the public treasury.

He said the general had amassed a "pharaonic" fortune, which he said could be as much as \$1 billion.

Mr. Blandon also described General Noriega as a man who regularly betrayed the men and countries he dealt with — not least of all the United States.

Although he was on the CIA payroll, General Noriega secretly sold arms to leftist guerrillas in Colombia and El Salvador, whose government the United States was committed to support, Mr. Blandon said.

While getting payments of tens of millions of dollars from the Colombian drug cartels for letting them operate in Panama, General Noriega duped the U.S. Drug Enforcement Administration into believing he was a valuable ally in Washington's war on drugs, Mr. Blandon said.

In one of the strangest incidents in a bizarre intrigue recounted by Mr. Blandon, the DEA commended General Noriega for what it thought was the destruction of a large cocaine-processing laboratory in Panama, when in fact the lab, all its supplies and the 23 men operating it were returned to the cartel in an arrangement brokered by President Fidel Castro of Cuba.

Mr. Blandon said General Noriega had ordered the raid on the laboratory amid the public outcry following the murder in 1984 of the Colombian justice minister by the drug cartel. Mr. Noriega acted after it was disclosed in public that 100 members of the cartel were having a strategy session in Panama. What was not publicly known, Mr. Blandon said, was that the Panamanian army was providing security for the

drug lords' meeting.

The cartel leaders were furious about the raid and plotted to assassinate General Noriega, a conspiracy that the Israeli secret service discovered and relayed to the general during one of his trips to Israel, Mr. Blandon said.

Mr. Blandon said General Noriega ordered him to Cuba where they would discuss the problem with Mr. Castro.

The Cuban leader — with a "Colombian" in the wings — proposed a settlement involving General Noriega's return of the \$5 million the cartel had paid him to set up shop, the return of all the equipment seized, including planes and helicopters, and release of the 23 Colombians arrested.

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ing for his life, traveled back to Panama with a specially selected team of Cuban bodyguards provided by President Castro, Mr. Bandon said. There were no incidents.

President Castro acted as mediator, Mr. Bandon said, because he wanted General Noriega in power.

"Fidel feared that Noriega would be replaced in Panama. In Fidel's head — and I think he was right in this — he believed that if Noriega and the group of officers working with him were to be eliminated, the illegal dealings he had with Panama would come to an end. So he was interested because his own interests in Panama were threatened," he said.

Mr. Castro was also aware of General Noriega's arms transactions with guerrilla groups that Cuba supported, he said.

"So his interests were political, they were economic, and they were interests linked to a war which was being waged with the United States," Mr. Bandon said.

In testimony Monday, the first of four scheduled days of hearings, the former commander of U.S. forces in Latin America, retired Gen. Paul Galvin, said General Noriega reported to U.S. officials on his frequent meetings with President Castro. General Galvin said he didn't give the reports much credence.

This close association of Mr. Noriega and some U.S. officials provided a humorous note yesterday when Mr. Bandon was speaking about Nestor Sanchez, a former CIA official who recently worked at a senior Pentagon post.

Senator Kerry said Mr. Noriega and Mr. Sanchez were "close" friends.

"Correct," said Mr. Bandon.

"While he was in the CIA," Mr. Kerry went on.

"While who worked for the CIA. They both worked for the CIA," Mr. Bandon answered.

The Washington Post
The Christian Science Monitor
New York Daily News
USA Today
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CIA DENIES PROVIDING CLASSIFIED PERSONAL INFORMATION ON MEMBERS OF CONGRESS TO PANAMA'S GEN. MANUEL ANTONIO NORIEGA

By DANNA WALKER

WASHINGTON (UPI) — The CIA denies providing classified personal information on members of Congress to Panama's Gen. Manuel Antonio Noriega, as alleged by one of the military leader's former colleagues. Senators investigating Panamanian corruption, however, are disturbed by the allegation from Jose Blandon, who left his post last month as Panama's general consul in New York and is testifying against his country's de facto ruler.

Blandon lodged his accusation against the CIA Tuesday, at Senate hearings set to continue today with testimony from a former Noriega pilot who admits flying guns and drugs as part of an international network run by the general.

Pilot Floyd Carlton, identified as a leader in the civilian arm of the illegal network, was expected to back up the drug-smuggling charges filed against Noriega last week in federal indictments in Florida.

Blandon, appearing Tuesday for a second time before a subcommittee of the Senate Foreign Relations Committee, said the CIA and the National Security Council staff supplied private information to Noriega detailing the politics and "personal problems" of senators investigating corruption in Panama.

Blandon said he saw U.S. documents marked "classified" with information about Sens. Edward Kennedy, D-Mass., Jesse Helms, R-N.C., and several Capitol Hill aides. The CIA and NSC were blamed also by Senate sources who confirmed such information about aides had been published in Noriega-controlled newspapers.

The CIA categorically denies Blandon's assertion that the agency furnished any such information regarding U.S. senators or their staffers to the government of Panama, CIA spokeswoman Sharon Foster said Tuesday.

But Sen. John Kerry, the Massachusetts Democrat leading the subcommittee hearings, called it "about as disturbing a revelation as I've heard" in his continuing investigations of U.S. activities in Central America.

In daylong testimony, Blandon said Noriega, working with Colombia's cocaine kingpins, expertly manipulated the Drug Enforcement Administration so that its principal contact with him, identified as Luis Quiel, was in truth one of the general's liaisons to the Colombia drug producers.

While working on behalf of the CIA in El Salvador, Noriega also was entering into agreements with the Soviet Union, working for the Sandinistas in their successful revolution in Nicaragua, supplying Salvadoran rebels with guns and setting up Panama's banking system for money laundering, Blandon said.

(He was) double-dealing, triple-dealing, quadruple-dealing,"

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Kerry declared, and it is "incomprehensible" U.S. intelligence agencies did not know about it.

"We were complicitors as a country in narcotics traffic," the senator angrily concluded.

Sitting in on the hearings, Sen. Alfonse D'Amato, R-N.Y., added, "I dare say the intelligence agencies of this country, by God, should be involved in this matter instead of working with the scum of the earth as they have been doing."

Kerry, on the NBC "Today" program, said today Bandon "has no other motives other than telling the truth," in charging Noriega with multiple crimes, noting Bandon has little money, "has never been accused" of a crime and "has not sought federal immunity for anything."

D'Amato, also appearing on "Today", said, "We do know that Noriega has been a paid CIA agent ... highly paid," and "the law has been violated" by delivery of dossiers on members of Congress to Noriega, as Bandon charges.

Both Kerry and D'Amato scoffed at Noriega's demand for U.S. military forces to leave Panama, headquarters of the U.S. Southern Command and the largest U.S. military outpost in Latin America.

D'Amato cautioned "this little pineapple ... a tin general, a thug," against flexing his muscle against U.S. forces protecting the Panama Canal.

Kerry, echoing D'Amato, said, "We are not in jeopardy," in Panama.

Bandon, termed a "Benedict Arnold" by Noriega and now under protection by federal marshals, said some officials within the U.S. government still are supporting Noriega. Specifically, he named Nestor Sanchez, who he described as an adviser to the Pentagon and the Panama Canal Commission.

"If you need to learn the U.S. position, you have to talk to the different (U.S.) agencies," Bandon said. "The summary is, there is no position."

He noted a recent U.S. anti-drug effort in Central America, known as Operation Pisces, was ballyhooed by the Reagan administration as a success and even won Noriega a letter of thanks for cooperation.

In reality, Bandon said, the operation "did not affect anyone in Panama." He suggested Attorney General Edwin Meese simply "needed to have one success in the war against drug trafficking."

Bandon said Noriega skims \$3 million a year off Panamanian defense force funds for "petty cash" and is worth as much as \$1 billion despite a \$60,000 annual salary. His children have spent as much as \$50,000 a day, Bandon said.

The New York Times
The Washington Times
The Wall Street Journal
The Christian Science Monitor
New York Daily News
USA Today
The Chicago Tribune
REUTERS
Date 10 FEB 88

NORIEGA, U.S. CLASH AS SENATORS HEAR OF HIS TIES TO CIA

By William Scally

WASHINGTON, Feb 10, Reuter - Panamanian leader Manuel Antonio Noriega's rift with the Reagan administration widened amid sharp words between Washington and Panama City and detailed testimony about his alleged role in arms and drug deals.

As the White House dismissed Gen. Noriega's demand that U.S. forces pull out of strategically important Panama, a former close aide testified that Noriega built close ties to the CIA while at the same time assisting cocaine traffickers and Salvadoran rebels.

Noriega, Panama's de facto ruler since 1983, was formally charged in connection with cocaine and marijuana smuggling in Florida last week, eight months after the United States cut all but humanitarian aid to his country.

Former aide Jose Blandon told a Senate hearing on Tuesday that Noriega and the CIA had been so close that the CIA had given Panamanian intelligence reports on senators hostile to his rule, including Edward Kennedy and Jesse Helms.

Blandon also told a Senate Foreign Relations panel on Tuesday that Cuban President Fidel Castro had in 1984 advised Noriega on how to placate a notorious Colombian narcotics ring whose cocaine processing plant in Panama had been raided.

Blandon said Israeli intelligence, which protected Noriega when he was abroad, had uncovered a plot to assassinate him.

At the White House, spokesman Marlin Fitzwater told reporters the United States had no intention of complying with Noriega's call in a domestic television broadcast for an end to the U.S. military presence in Panama.

The United States maintains its 10,000-man regional military headquarters in Panama. The country is of added strategic importance to Washington because of the U.S.-built and administered Panama Canal.

Under the Panama Canal treaties (signed in 1977 by President Jimmy Carter and then Panamanian leader General Omar

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Torrijos), we have every right to be there and we don't anticipate any change in that status," Fitzwater said.

Blandon, Panama's consul general in New York in 1987-88, also testified that Noriega's close relations with the CIA flourished even though he had sent arms for cash to guerrillas fighting the U.S.-backed Salvadoran government.

He said Panamanian intelligence had received secret documents from the CIA and the National Security Council, including reports on the political leanings and personal lives of senators visiting Panama -- among them Helms, a North Carolina Republican, and Kennedy, a Massachusetts Democrat.

The CIA denied furnishing such reports, saying it was prohibited by law from collecting information on the personal lives of U.S. officials or citizens.

Blandon, a small man with iron-grey hair who seemed to have the ability of total recall of past events, is a key witness in the criminal cases against Noriega in Florida.

His nearly six hours of testimony was illustrated by charts showing the structure of what he called a vast Noriega-led "criminal enterprise."

Through an interpreter, he described a 1984 meeting with Castro in Havana at which the Cuban leader proposed a plan to smooth relations with the notorious Medellin narcotics ring.

He said the ring had paid up to \$7 million for safe haven in Panama when its cocaine plant in the Darien jungle region of Panama was raided and shut down, an action that brought a warm letter of commendation from U.S. drug authorities.

According to Blandon, Castro proposed that the ring be paid back \$5 million, that its factory equipment, planes and helicopters be returned and that 23 operatives arrested be allowed to leave the country.

After Castro talked to Noriega about the proposed deal, Noriega "told me ... everything had been arranged and they would proceed according to the Castro proposal," Blandon said.

Reuter

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CONSUL ASSETS C.I.A. Aided

in Panama Cover-Up

The Washington Post _____
 The Washington Times _____
 The Wall Street Journal _____
 The Christian Science Monitor _____
 New York Daily News _____
 USA Today _____
 The Chicago Tribune _____

Date 10 FEB 1988

By ELAINE SCIOLINO
Special to The New York Times

WASHINGTON, Feb. 9 — A Central Intelligence Agency official was involved in a cover-up of the 1985 murder of a political opponent of Panama's military leader, a former Panamanian official testified today.

The former official, José I. Blandón, who was dismissed as Panama's consul general in New York last month, made the assertion in an appearance before a Senate Foreign Relations subcommittee.

It was Mr. Blandón's fullest declaration to date of how the Panamanian leader, Gen. Manuel Antonio Noriega, transformed his country's banks, government and military institutions, corporations, airstrips and harbors into a "gigantic machine" that generated hundreds of millions of dollars. Mr. Blandón said that the activity began in the early 1970's when General Noriega took over as Panama's intelligence chief.

The testimony follows General Noriega's indictment last week by two Federal grand juries in Florida on charges of drug trafficking and other crimes.

Under Round-the-Clock Guard

Mr. Blandón, who is under round-the-clock protection by Federal marshals, also said today that as chief of political intelligence until two years ago, he had read classified Panamanian military intelligence reports that described the political beliefs and the personal lives of senators and Congressional staff members. He said the documents identified the source of the information as the Central Intelligence Agency and the National Security Council.

Mr. Blandón said he had received reports on the activities of Senator Jesse Helms, a North Carolina Republican and a longtime critic of General Noriega, and on Senator Edward M. Kennedy, Democrat of Massachusetts.

In one instance in 1986, Mr. Blandón said, he read a report with information purportedly provided by the C.I.A. on Deborah DeMoss, a staff member of the Senate Foreign Relations Committee who was visiting Panama. It stated that she "hated" General Noriega, Mr. Blandón said, and a profile of her appeared shortly afterward in a Panamanian newspaper calling her an American Mata Hari.

Senator John Kerry, a Massachusetts Democrat who heads the subcommittee, called it reprehensible that reports included details about the private lives of public officials, adding that the handing over of such information was apparently "part of the ingratiation process, part of the sweetheart relationship" between General Noriega and the C.I.A.

A Denial by the C.I.A.

The C.I.A. said in a statement that it "categorically denies" furnishing such information to the Government of Panama. The White House said that an extensive search by the National Security Council had produced no evidence to substantiate the charges.

Mr. Blandón's allegations of C.I.A. involvement in a cover-up involved the decapitation death of Dr. Hugo Spadafora, a Noriega opponent, in September 1985. Mr. Blandón said that after the killing the C.I.A. station chief in Costa Rica, Joe Fernandez, known by the pseudonym Tomas Castillo, sent a "witness" known only as Hoffman to Panama where he appeared on television and declared that Salvadorean rebels were behind the killing.

Mr. Fernandez was later disciplined

A station chief is linked to a 'witness' in a political murder.

by the C.I.A. for his involvement in supplying aid to the Nicaraguan rebels while such aid was prohibited by Congress.

Mr. Hoffman, whom Mr. Blandón described as a specialist in electronics who sometimes worked for the C.I.A., was never questioned by Panamanian law enforcement officials and was whisked out of the country.

A Summons by Noriega

According to the testimony today, General Noriega summoned Mr. Blandón, then his senior political adviser, to his suite at the Helmsley Palace in New York and attributed the murder to Luis Córdoba, now a member of the staff of the joint chiefs of Panama's Defense Forces, which General Noriega commands. Mr. Blandón quoted General Noriega as then saying,

"In any case, he deserved to be dead."

General Noriega has been accused by another high-ranking officer who broke with him of having ordered the murder of Dr. Spadafora.

What is motivating Mr. Blandón to speak out remains a bit murky and some Panamanian opposition leaders believe that if he outlasts General Noriega he may try to run for President when elections are held in Panama next year. A lifelong politician, he has not joined the Panamanian opposition and today called himself a principal leader of the Government-allied Democratic Revolutionary Party.

On the charges that C.I.A. files on legislators and staff members were forwarded to Panama, a C.I.A. spokesman said tonight that the agency was "prohibited by law from collecting or retaining information on the personal lives of U.S. officials and U.S. citizens."

"The C.I.A. does not engage in this practice," the spokesman added. "Under the law, C.I.A. may only collect or retain information on U.S. persons if it has a legitimate foreign intelligence or counterintelligence value."

An Administration official said that there were no restrictions on the agency providing information to foreign governments provided it had been lawfully acquired.

The White House today rejected outright a demand by General Noriega on Monday that the United States end its extensive military presence in Panama. "Under the Panama canal treaties, we have every right to be there and we don't anticipate any change in that status," said the chief White House spokesman, Marlin Fitzwater.

The United States maintains the headquarters of its regional Southern Command, which is responsible for all American military operations in Latin America, in Panama and 10,000 American troops are stationed there.

The Washington Post A-4
The Washington Times _____
The Wall Street Journal _____
The Christian Science Monitor _____
New York Daily News _____
USA Today _____
The Chicago Tribune _____

Date 6 FEB 1988

Panama Denounces Indictments as 'Lies'

Reuter

PANAMA CITY, Feb. 5—The Panamanian government denounced the U.S. indictments of military leader Manuel Antonio Noriega today and warned the United States that its patience and tolerance were wearing thin.

"The government of Panama energetically and indignantly rejects . . . the obsessive campaign of lies and calumnies against" Noriega and "the attempts by the North American administration . . . to isolate Panama and destabilize its government," the Foreign Ministry said in a statement.

Federal prosecutors in Miami and Tampa, Fla., today issued indictments against Noriega on federal drug and racketeering charges, alleging that he used his vast governmental powers to convert Panama into a haven to help traffickers

smuggle drugs into the United States.

[Maj. Edgardo Lopez, spokesman for the Panamanian military, quoted Noriega as saying the charges were "totally false, no more than another step in the plan to menace and terrorize nationalist leaders and Latin American patriots who dare to confront the United States," United Press International reported.

[According to Lopez, Noriega said the allegations were "a joke and absurd political maneuver" and that the whole affair was "in strict accord with political interests of the government of the United States."]

The Foreign Ministry statement said the charges were false and based on statements by convicted drug dealers who exchanged their testimony for reduced sentences.

"The government warns that it is extremely dangerous to tax the pa-

tience, tolerance and good faith of the Panamanian people with campaigns that could spark unforeseen reactions," it said.

The ministry did not specify what action the government might take.

[The streets of Panama City were quiet in the hours after news reached the country that Noriega had been indicted in Florida, UPI reported. But antiriot troops moved into a downtown park near the headquarters of key opposition groups.]

A spokesman for the U.S. Embassy here said the indictments constituted a legal process aimed at named individuals, not the Panamanian government.

"I should stress that we do not seek to sully the government of Panama or to denigrate the institution of the Panama Defense Forces," he said.

NORIEGA INDICTED BY U.S. FOR LINKS TO ILLEGAL DRUGS

By PHILIP SHENON

Special to The New York Times

MIAMI, Feb. 5 — Gen. Manuel Antonio Noriega, the military ruler of Panama, sold his official position to drug traffickers for millions of dollars in bribes and turned Panama into a capital of international cocaine smuggling, the Justice Department charged in two indictments made public today.

In one of the indictments, Federal prosecutors tried to link Fidel Castro, the Cuban leader, with drug operations run by General Noriega and the so-called Medellin cartel, a Colombian cocaine ring that is said to be responsible for more than half of the cocaine smuggled into the United States.

While prosecutors said the Justice Department lacked enough information to bring formal charges against Mr. Castro, they described the evidence against General Noriega, who has ruled Panama since 1983, as overwhelming.

\$4.6 Million in Payoffs Alleged

"In plain language, he utilized his position to sell the country of Panama to drug traffickers," said Leon B. Kellner, the United States Attorney in Miami, whose grand jury brought one of the two long-awaited indictments.

The indictments charge that General Noriega took more than \$4.6 million in payoffs to provide secure airstrips and haven for some of the world's most violent drug traffickers, including a group of fugitives linked to the assassination of Colombia's Justice Minister, Rodrigo Lara Bonilla, in 1984.

The indictments, which were returned on Thursday and unsealed today, raise serious questions about the Reagan Administration's once vigorous support for General Noriega and his Government.

A Further Strain on Ties

The indictments also complicate efforts by the Administration to ease General Noriega from power, and some United States officials expressed fear that he might retaliate against American interests and the 50,000 Americans living in Panama. [News analysis, page 5.]

Mr. Kellner said he recognized the effect of the 12-count indictment on already strained relations between the United States and Panama.

"I recognized the implications of indicting a person who controls a country, and General Noriega controls Panama," Mr. Kellner said. But he said he had received "no hindrance" from any official in the Reagan Admin-

istration in pursuing the 14-month investigation.

Because of limited extradition treaties between the United States and Panama, it is almost inconceivable that the general will be brought to the United States for trial while he holds power.

The 49-year-old general has repeatedly denied involvement in drug trafficking and has accused the United States of making false allegations against his government in an effort to retain control of the Panama Canal.

In Panama City, the Foreign Ministry said today that "Panama energetically and indignantly rejects this new assault against its leaders and institutions and warns that neither these actions nor any other will make us cede."

The ministry also said it would be "extremely dangerous" for the United States to try "the patience, tolerance and good faith" of Panama "with campaigns which could lead to unforeseen reactions."

Called a Badly Kept Secret

According to Federal law enforcement officials, the general's involvement in international narcotics smuggling has been a badly kept secret for years. The indictment released today in Miami accused General Noriega and 15 associates of a drug conspiracy that dates at least from 1981.

The chairman of the House Select Committee on Narcotics Abuse and Control, Representative Charles B. Rangel, Democrat of Manhattan, today accused the Administration of a "full-blown cover-up of the facts about Noriega," who maintained a close relationship with the Central Intelligence Agency and William J. Casey, its director from 1981 to 1987.

Reagan Administration officials said the criminal investigation of General Noriega began with what one described as a "relatively small-scale drug investigation" by Mr. Kellner's office that mushroomed as additional witnesses provided evidence against the general.

A senior Federal law enforcement official said Justice Department representatives asked for a meeting last fall with their counterparts at the State Department to determine "whether State would try to block this."

"There wasn't a problem," the official said. "State and Justice agreed that if there was evidence to indict Noriega, indict him."

'Money Laundering Centers'

At a news conference, Mr. Kellner said General Noriega provided invaluable assistance to drug dealers by his willingness to transform Panamanian banks into little more than "money laundering centers."

"Panama was extremely important to the success of the Medellin Cartel because this is where their money went," he said. "This gave traffickers a safe haven to put money where we couldn't find it."

The Washington Post
The New York Times **AI**
The Washington Times
The Wall Street Journal
The Christian Science Monitor
New York Daily News
USA Today
The Chicago Tribune

Date **6 FEB 88**

The indictment brought by Mr. Kellner names 16 defendants in the cocaine conspiracy, including Capt. Luis Del Cid of the Panama National Guard, who was described as General Noriega's liaison with drug traffickers, and Amet Paredes, son of the Panama's former military commander of Panama, Gen. Ruben Dario Paredes.

Another of General Paredes son's, Ruben Jr., was killed in Colombia in 1986 as he made arrangements to acquire a load of cocaine, the indictment said. The general has accused General Noriega of ordering the murder.

Also indicted were Gustavo Dejesus Gaviria-Rivero and Pablo Escobar-Gaviria, identified as leaders of the Medellin Cartel. The indictment was brought under the Federal racketeering laws and charged a variety of other crimes, including cocaine distribution.

Prosecutors said that two of the defendants — they would not say which ones — were believed to be in the United States, and that warrants had been issued for their arrest.

The three-count Federal indictment brought in Tampa charged General Noriega with conspiring to smuggle more than a million pounds of marijuana into the United States.

Under the scheme, the indictment said, General Noriega also agreed to permit more than \$100 million in proceeds from the marijuana sales to be laundered through Panamanian banks.

A key prosecution witness in the Tampa case is Stephen M. Kalish, a convicted American drug dealer who testified at a Senate hearing last week that he gave millions of dollars in kickbacks to General Noriega for the Panamanian's help in drug deals and money laundering.

Movement of Drugs Described

The broader Miami indictment described the movement through Panama of thousands of pounds of Colombian cocaine bound for the United States. In one shipment, more than a ton of cocaine was placed aboard a jet in June 1984 and flown to Miami.

According to the indictment, General Noriega performed a variety of services for the Colombian smugglers. He provided them with secure airstrips, ordered Panamanian customs and immigration officials to ignore their drug shipments, and allowed fugitives to remain in Panama if they were sought by law enforcement officials elsewhere in the world.

The 30-page indictment says Mr. Castro was instrumental in 1984 in mediating a dispute between General Noriega and members of the Medellin Cartel over the Panamanian government's seizure of a cocaine laboratory run by the cartel. According to the Justice Department, the disagreement was resolved during a Havana meeting between General Noriega and Mr. Castro.

The Justice Department said this was only the second time it had indicted the sitting leader of a foreign nation; the other was the chief minister of the Turks and Caicos Islands, a tiny chain of islands in the Caribbean, who was convicted in 1985 on American drug charges.

If convicted on all counts in the Miami indictment, General Noriega could face life in prison and a maximum fine of \$1.4 million. The Tampa charges carry a maximum penalty of 20 years in prison and \$140,000 in fines.

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The Washington Times _____
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The Christian Science Monitor _____
New York Daily News _____
USA Today _____
The Chicago Tribune _____

Indictments Depict Noriega As Drug-Trafficking Kingpin

U.S. Had Long Backed Panamanian Leader

Date 6 FEB 1988

By Joe Pichirallo
Washington Post Staff Writer

The U.S. criminal indictments unsealed yesterday against Gen. Manuel Antonio Noriega portray the Panamanian leader as a key member of an international drug-trafficking conspiracy that began in 1981—a time when the Reagan administration embraced him and dismissed reports of his drug ties.

The unprecedented indictments, returned by federal grand juries in Miami and Tampa, Fla., Thursday and made public yesterday, provoked sharp reactions yesterday in Panama and in Congress.

Noriega, who is accused of vio-

lating U.S. racketeering and drug laws, was charged for providing protection and other government services in Panama to international drug traffickers who shipped cocaine and marijuana to the United States through Panama. He also allowed large sums of illicit profits from U.S. drug sales to be laundered through Panamanian banks, the indictments said.

But some administration critics in Congress and elsewhere declared that the indictments suggest that until recently the administration either covered up or overlooked allegations against Noriega.

Administration officials strongly denied these claims. And the Panamanian Embassy in Washington, in a strongly worded statement released yesterday, denounced the indictments and accused the Reagan administration of engaging in a "systematic campaign" to destabilize the Panamanian government. The embassy said "it is dangerous in the extreme to challenge" Panama's patience and could "engender unforeseen reactions" in the country, site of the strategic Panama Canal.

The indictments come at a time when the Reagan administration is pushing for Noriega, Panama's military commander and de facto ruler, to resign and permit civilian democracy to take hold in Panama.

Administration officials insist the indictments are not related to U.S. efforts to oust Noriega. Officials said the criminal investigations of Noriega hardened within recent months because for the first time ever, U.S. law enforcement officials obtained evidence they viewed as credible.

A high-ranking administration official said yesterday that "what really happened here is that the legal process ran its course. We monitored the legal proceedings, but we didn't try to influence them."

Until recently, Noriega, 51, has been viewed by the Reagan administration as an important ally in Latin America and had strong backing from the Central Intelligence Agency and the Pentagon, according to current and former U.S. officials.

Administration officials said the abandonment of support for Noriega was largely prompted by violent, anti-Noriega riots in Panama last summer, the growth of internal opposition to him and the continued deterioration of Panama's economy.

The Miami indictment, which alleges that Noriega was the key figure in a broad criminal conspiracy, charged that the specific scheme described in the indictment began in the fall of 1981 and continued through March 1986.

In a statement yesterday, Rep. Charles B. Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics Abuse and Control, said that "the American people have been victimized by a full-blown cover-up of the facts on Noriega . . . [The indictment] could have been done years ago.

"Apparently before," Rangel said. "Noriega was a useful source of intelligence on Latin America. Now the administration may believe he has outlived his usefulness."

Sen. Jesse Helms (R-N.C.), a Noriega critic, said in a statement that he has warned of Noriega's drug activities for a decade but that some U.S. officials have "supported Noriega for too long."

Deputy State Department press aide Phyllis Oakley said yesterday that the Noriega indictment is aimed at individuals and is not an attack on the Panamanian government.

Miami U.S. Attorney Leon Kellner said yesterday that the indictments "make it clear that no one is above our laws. General Noriega controls Panama . . . he utilized his position to sell the country of Panama to traffickers. He has control of law enforcement, of customs [and] of immigration."

Chances of Noriega coming to trial in the United States are slim because the Panamanian constitution bars extradition of its citizens.

In Tampa, Noriega was indicted on three felony counts and charged with assisting a U.S.-based marijuana-smuggling operation in return for receiving about \$1 million in payoffs. Noriega and an associate, Enrique Pretelt, a Panamanian businessman who was also charged, were accused of assisting an operation led in part by Steven Michael Kalish, a convicted drug smuggler cooperating with the probe.

The Miami indictment is a more detailed and broader case. Noriega is named with 15 others in a 12-count, 30-page indictment that accuses him and others of participating in a criminal enterprise in violation of U.S. racketeering and drug laws.

The charges in the Miami case carry a maximum 145 years in prison and \$1.1 million dollars in fines, if Noriega were ever tried and convicted.

The Miami indictment alleges that beginning in October 1982, Noriega offered to provide government protection and other services to the leaders of the notorious "Medellin cartel," a Colombian drug ring investigators say is responsible for most of the cocaine smuggled into the United States.

The cartel is alleged to have paid Noriega more than \$5 million in bribes.

In return, the indictment said, Noriega allowed the ring to use Panamanian airstrips to fly cocaine to the United States, sold the group chemicals used to manufacture cocaine that had been seized by the Panamanian military and provided information on U.S. attempts to investigate the operation.

For example, the indictment said, Noriega in 1983 passed word to the cartel to delay a cocaine shipment passing through Panama to the United States because U.S. military exercises were under way in Panama at the time.

In 1984, when the Colombian government began a crackdown on the Medellin cartel, Noriega let leaders of the group take refuge in Panama and run their operation from there, the indictment alleged. That same year, the indictment said, Noriega also let the cartel briefly set up a cocaine manufacturing plant in Panama near the Colombian border.

Noriega has repeatedly denied any role in drug trafficking and has said the indictments are part of a campaign by conservatives such as Helms to discredit him and subvert the Panama Canal treaties. The 1977 treaties transfer control over the canal from the United States to Panama in the year 2000.

Officials have said that Noriega, who was chief of military intelligence before becoming the military commander in August 1983, for years has provided intelligence to both the CIA and Cuba. The CIA, particularly under the late director, William J. Casey, considered Noriega to be an important asset, officials said.

One former top military official said Noriega also served as a key back-channel intermediary between several U.S. administrations and Cuban leader Fidel Castro. The Miami indictment alleges that Castro mediated a dispute between Noriega and the Medellin cartel over drug operations in Panama.

Norman Bailey, an economic specialist who was employed at the National Security Council in 1981-83, said both the Defense Department and the CIA strongly resisted efforts to withdraw U.S. diplomatic support from Noriega. Bailey said that as a participant in an NSC review of drug-money laundering, he saw "incontrovertible" intelligence reports linking Noriega to drug trafficking.

Bailey said that the information may not have held up in a court case, but he and others tried to use it to encourage a change in the U.S. policy on Noriega. "We ran up against a stone wall" at the Defense Department and the CIA, which felt "what we get from him is too valuable to jeopardize," Bailey said.

U.S. Decides to Indict Noriega, Risk Retaliation

By RONALD J. OSTROW and DOYLE McMANUS, Times Staff Writers

WASHINGTON—The Reagan Administration has decided to go ahead with drug indictments against Panamanian military leader Manuel A. Noriega despite concerns that he might retaliate against U.S. interests, officials said Thursday.

Administration officials considered the possibility that Gen. Noriega, whose indictment is expected to be announced in Florida today, might seek reprisals but have concluded it is unlikely he would make a major move against the Panama Canal or other sensitive U.S. facilities in that nation, they said.

Federal law enforcement authorities said Noriega was indicted Thursday by federal grand juries in Miami and Tampa, Fla., on charges of racketeering, cocaine trafficking and money laundering. The long-expected indictments were sealed by a federal magistrate, but U.S. attorneys in the two cities scheduled announcements for today.

Castro Dealings

Officials said one of the indictments focuses in part on Noriega's dealings with Cuban leader Fidel Castro, who reportedly mediated a 1984 business dispute between the Panamanian strongman and members of a Colombian drug cartel.

Noriega was quoted by CBS News as dismissing the indictments as "strictly political."

Noriega, commander of Panama's Defense Forces, the nation's sole military and police organization, has turned himself into a virtual dictator in his strategic country, which includes the 48-mile-long canal linking the Atlantic and Pacific oceans.

In secret studies prepared before the decision, the State Department and CIA laid out a range of potential Panamanian reactions to the indictments. These projected possibilities ranged from an anti-Noriega coup by military dissidents to

political reprisals by Noriega against U.S. military and diplomatic facilities in that nation.

But in the end, a knowledgeable intelligence source said, the most likely immediate reaction was judged to be: "Nothing."

The U.S. extradition treaty with Panama does not require that nation to arrest or extradite Noriega, and the general could simply ignore the indictments and attempt to hang on to power, officials said.

The announcement of indictments against Noriega are expected to intensify public sentiment against the military strongman, they said, but the main question—as before—is whether other Panamanian military leaders will decide "to dump the guy," in the words of one State Department official.

For months, the Administration has been urging Noriega to quit, to no avail. Secretary of State George P. Shultz publicly called on the general to "step back" from power, and a senior Defense Department official told Noriega privately not long ago that the Pentagon also wants a new government.

But Noriega, who has been accused of ordering the assassination of political opponents, of massive corruption and of providing intelligence data simultaneously to the CIA and Communist Cuba, has stubbornly refused to relinquish power. He has denounced U.S. pressure against him as a "rightist plot" to prepare the way for an American seizure of the canal, which was turned over to Panama

in treaties negotiated by President Jimmy Carter and ratified in 1975.

Under the treaty, Panama received unchallenged sovereignty over the canal and the parallel stretch of territory on either side of it that used to be known as the Panama Canal Zone, but the United States retained rights to manage and defend the waterway until Dec 31, 1999.

The Washington Post
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The Wall Street Journal
The Christian Science Monitor
New York Daily News
USA Today
The Chicago Tribune
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The United States has about 10,000 troops in Panama, primarily for the defense of the canal.

Officials said several agencies, including the CIA and U.S. diplomatic and other missions in Panama, were ordered to prepare "a worst-case scenario" of what was likely to occur in the wake of the indictments. The possible outcomes included:

— A move by anti-Noriega officers to depose the strongman.

— A move by the civilian government of President Eric A. Delvalle to place Noriega under some form of "near-house arrest."

— Relatively mild anti-American moves by Noriega, possibly including the expulsion of U.S. citizens or a demand for the acceleration of Panama's management and defense role under the canal treaty—a demand the Administration would reject.

— More threatening actions, possibly including a move to align Panama with Cuba and Sandinista-ruled Nicaragua.

But the agencies concluded that no overt move against U.S. forces at the canal is likely.

Much of the evidence against Noriega has come from three former aides and associates of the general, former Panamanian consul Jorge I. Blandon and two convicted drug smugglers, Floyd Carlton and Steven Michael Kaish.

In a series of interviews with U.S. and Panamanian newspapers, Blandon has charged that Noriega dealt simultaneously with Castro, Colombia's Medellin cocaine cartel, the CIA and then-White House aide Oliver L. North. He told the Washington Post that Noriega agreed with North to train from 1979 to 1981 Nicaraguan Contras in Panama during 1981 and 1982.

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Carlton, a pilot, has said he flew more than \$1 million in bribes to Noriega from the Colombian drug cartel.

Kalish told a Senate committee last month that he delivered a \$300,000 bribe to Noriega in 1983.

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The Chicago Tribune _____

Noriega: A Skilled Dealer With U.S.

Date 7 FEB 89

By **STEPHEN ENGELBERG**

Special to The New York Times

WASHINGTON, Feb. 6 — For more than a decade, Gen. Manuel Antonio Noriega, the Panamanian military leader, played off United States Government agencies against each other and against other countries in a dizzying succession of alliances and betrayals.

According to present and former Government officials, General Noriega was a master at developing relationships in the American military and intelligence agencies that forestalled diplomatic and legal pressure against him.

These officials said that several times in the early 1980's, the Pentagon and Central Intelligence Agency rolled back proposals for taking a harder line with General Noriega over his involvement in drug trafficking, trading of restricted American technology to Cuba and Nicaragua, and repression of political opponents.

General Noriega's career, some intelligence officers contend, is a case study of how national security interests demand that the United States work with foreign leaders with unseemly reputations. "There are 100 guys around the world like Noriega," said an intelligence official.

Hearings on Noriega's Activities

But members of Congress argue that the Government's ties to General Noriega went well beyond appropriate bounds and that American officials were too willing to overlook suggestions of illegal activities by the general.

The Senate Foreign Relations Committee will hold hearings next week on the general's activities. One witness is to be Jose I. Blandón, Panama's former consul general in New York, who maintained close ties to the Panamanian military. The lead witness, Robert M. Morgenthau, the Manhattan District Attorney, is expected to question the Federal government's success in pursuing overseas drug traffickers.

"The knowledge that Noriega was engaged in criminal activities in the United States has been known to the Central Intelligence Agency for a long, long time," said Senator John Kerry, a Massachusetts Democrat who pressed for the hearings, along with Senator Jesse Helms, Republican of North Carolina.

General Noriega's relations with the American intelligence began in the 1970's when he was head of military intelligence. A Government official said the Central Intelligence Agency viewed the officer as rising star in the military. He became the military commander in 1983.

Over the years, General Noriega has offered a variety of secret assistance to United States Government officials. Present and former Administration of-

ficials said the general has a knack for offering officials exactly what they want. According to a Congressional official, the general once told a close associate: "The United States is like a monkey on a chain. All you do is play the music and the monkey performs."

According to Government officials, General Noriega once offered to assist Lieut. Col. Oliver L. North, the dismissed National Security Council aide, in funneling covert assistance to the Nicaraguan rebels.

When Colonel North heard in October of 1986 that the Drug Enforcement Administration had become increasingly concerned that General Noriega was involved in drug trafficking, he approached the head of the agency, Jack Lawn, with an offer to intercede. Mr. Lawn has said he rejected the offer.

The Congressional Iran-contra committees also looked into evidence that Colonel North met in London with a close aide to General Noriega. The purpose of the meeting was never learned, committee investigators said.

Even as he was dealing with Colonel North, General Noriega tried to maintain his own relationship with the Drug Enforcement Administration.

Noriega Tipped Off U.S. on Drugs

Law enforcement officials said that the general was a valuable source of information on drug trafficking in the region for years and that his tips led to the seizure of major drug shipments.

For the Central Intelligence Agency, General Noriega provided a base of operations in Central America and an opportunity to eavesdrop on the financial transactions and communications of the region. He was also viewed as a valuable source of information on Cuba, even though intelligence officials suspected that he was providing information on the United States to the Cubans.

Present and former officials said that General Noriega had a personal relationship with William J. Casey, the former director of central intelligence. A senior official who opposed any extensive dealings with the Panamanian leader said that in presenting reports on Central America to President Reagan, Mr. Casey would occasionally mention the general. "It was apparent from those comments that Bill thought personally that C.I.A. was benefiting from the information it could get from Noriega," the official said.

General Noriega also had supporters at the Pentagon, including Nestor Sanchez, former Deputy Assistant Secretary of Defense for International Security Affairs. Administration officials said. Mr. Sanchez, the officials said, was a C.I.A. officer in Central America when he met General Noriega.

Raid on Cocaine Dealers

The indictment of General Noriega, made public Friday in Miami, sheds

new light on an incident that American officials believe typifies how the general operated. It describes how General Noriega accepted payments from a Colombian drug cartel to allow the construction of a cocaine laboratory in Darien Province and then came under American pressure to take action against the drug trade.

A former official said the Drug Enforcement Administration learned about the laboratory and tried to arrange for the arrest of the Colombians involved in operating it. But Panamanian forces seized the laboratory, the official said, and no one was arrested.

The seizure earned General Noriega some favor with the Americans, according to the indictment, but it infuriated the cocaine dealers. The dispute between General Noriega and the Colombians was not settled until Fidel Castro, the Cuban leader, agreed to mediate.

Jon R. Thomas, the former Assistant Secretary for International Narcotics Matters, said that on a visit to Panama, General Noriega gave him a plaque that showed Panamanian soldiers destroying the laboratory. The gift was intended to illustrate Panama's commitment to fight drugs.

Mr. Thomas said General Noriega's involvement in drug trafficking had been suggested in intelligence reports for years, but that until now there had been no solid evidence. "Any suggestion of a cover-up to protect Noriega is nonsense," he said. "I never saw anything like it."

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Hill hears conflicting views of Noriega role in drug trade

By James M. Dorsey
THE WASHINGTON TIMES

Law enforcement officials have long wanted to prosecute Panamanian strongman Gen. Manuel Antonio Noriega for drug trafficking, but did not do so because of his ties to senior U.S. officials who valued him as an intelligence asset. Manhattan District Attorney Robert M. Morgenthau and others said yesterday.

But in separate testimony on the first day of Senate Foreign Relations subcommittee hearings on the Latin American drug trade, retired Gen. Paul Gorman, former commander of the U.S. Southern Command, said he had never seen evidence proving Gen. Noriega's involvement.

Gen. Noriega, commander-in-chief of the Panamanian Defense Forces and widely considered the real power behind his country's civilian government, was indicted by two Florida grand juries last week on charges of racketeering and drug-related crimes.

He denied the accusations and charged on CBS-TV's "60 Minutes" Sunday that he was being prosecuted because he would not cooperate with a proposed U.S. invasion of Nicaragua. White House and State Department officials flatly denied that allegation yesterday.

[White House spokesman Marlin Fitzwater said yesterday the United States had no intention of invading Central America, no matter what former National Security Adviser John Poindexter may have told Gen. Noriega. Washington Times writer Jeremiah O'Leary reported. Mr. Fitzwater said he did not know if the conversation with Adm. Poindexter that Gen. Noriega mentioned in the television interview even took place.

[Noriega's willing to say anything at this point. He's trying to come up with all kinds of charges to deal with his drug indictment....

These are just the idle charges of a man indicted for drug-running," Mr. Fitzwater told reporters on Air Force One as President Reagan flew to North Carolina to make a speech.]

Lawyers for Gen. Noriega were denied permission by Chairman

John Kerry of the Subcommittee on Narcotics, Terrorism and International Communications to cross-examine witnesses. The Massachusetts Democrat said Gen. Noriega was welcome to testify in person at any time.

[Gen. Noriega called yesterday for the U.S. Southern Command and its 10,000 American military personnel to withdraw from Panama. Reuters reported.

[In his televised speech, the Panamanian commander-in-chief said: "The U.S. military presence here... is geared to gain power. The military presence should be strictly Panamanian."]

Panamanian opposition leaders urged President Eric Arturo Delvalle to fire Gen. Noriega "because the nation is on the verge of collapse and on the verge of a confrontation among Panamanians, so that we must do everything possible to prevent it."

Reagan administration officials said Mr. Delvalle's prestige was on the line.

"This is Delvalle's last chance to do something presidential. If he does not do something at this dramatic moment, whatever vestiges of respect he has left will be stripped away," one U.S. official said.

Neil R. Sonnett, one of Gen. Noriega's lawyers, said the attorneys would consult the general about whether to present documentary evidence to the subcommittee aimed at discrediting the witnesses and proving Gen. Noriega's innocence.

Mr. Sonnett distributed a series of letters to Gen. Noriega written by Drug Enforcement Administration chief John C. Lawn praising the gen-

eral for his cooperation.

Cornelius Dougherty, a DEA spokesman, said there had been legitimate letters of praise for Gen. Noriega over the years. "The bottom

line is that he was helpful and cooperative in certain drug cases, Mr. Dougherty said.

"What you got was the impression of a man of certain venality; he was

involved in a lot of very shady undertakings," Gen. Gorman said, referring to Gen. Noriega. But he added: "I never saw a representation that pinned him specifically to criminal acts or undertakings of a sort one could adduce in a court."

Gen. Gorman, who served as head of the Southern Command from 1983 to 1985, said he only learned of Gen. Noriega's alleged involvement in money laundering when he acted in 1986 as a consultant to the President's Commission on Organized Crime.

He said a study of Gen. Noriega's activity that he initiated after assuming his command had revealed no evidence of criminal wrongdoing.

Leigh Bruce Rich, a 34-year-old convicted drug smuggler, told the subcommittee that Gen. Noriega demanded and got a \$300,000 payment to arrange security for the laundering of drug profits through Panamanian banks. He said the general made his airplane available for flights to Colombia to set up marijuana deals and used the drug ring's Lear jet.

"People in law enforcement have known Gen. Noriega was corrupt for a long period of time," testified Mr. Morgenthau, the New York district attorney and the subcommittee's first witness.

"My view was he should have been prosecuted a long time ago," Mr. Morgenthau said, adding that Gen. Noriega had been protected by "high people in the U.S. government" who allegedly used Gen. Noriega as an intelligence source. Mr. Morgenthau declined to name the officials.

"Noriega was said to be useful to our military and intelligence community," added Sen. Alphonse D'Amato, Republican of New York.

Gen. Gorman said U.S. Embassy officials in Panama had presented Gen. Noriega as a major supporter of efforts to combat drugs.

"The representations that were

knowledgeable officials of the American Embassy was that Gen. Noriega was a major contributor to our efforts to do something against the narco-trafficantes." Gen. Gorman said, refusing to identify the officials publicly.

Gen. Gorman said Gen. Noriega reported to U.S. officials on his frequent travels to France, North Africa, and Cuba, where he held talks with President Fidel Castro. "I don't think any of us put much credence in what he said," Gen. Gorman said.

The retired officer noted that Cuba had one of its largest Western Hemisphere missions in Panama and charged that it actively aided the international drug trade. "Indeed, there is a lot of evidence that they got active cooperation in terms of ports made available to them, islands made available to them, machines made available to transfer substances from oceangoing vessels to smaller ships," he said.

Gen. Gorman indicated that Gen. Noriega had close ties to an unidentified U.S. government agency believed to be the Central Intelligence Agency.

The former commander said Gen. Noriega's official sponsors on visits to the United States were "not military, not State, not White House, not Defense."

Intelligence sources said Nestor Sanchez, former deputy assistant secretary of defense for inter-American affairs, while at the CIA acted as Gen. Noriega's control officer and was one of the general's staunchest supporters within the Reagan administration.

The CIA lacks intelligence on the current situation in the Panamanian military because of an agreement with Gen. Noriega under which the agency used the country as a regional listening post in exchange for allowing the general to appoint his own military liaison with the CIA.

The Washington Post A-14
The Washington Times _____
The Wall Street Journal _____
The Christian Science Monitor _____
New York Daily News _____
USA Today _____
The Chicago Tribune _____

U.S. Ex-Aide in Panama: No Noriega-Drug Tie Seen

Date 9 FEB 88

By Joe Pichirallo
Washington Post Staff Writer

Retired Army general Paul Gorman told a Senate panel yesterday that when he was U.S. military commander for Latin America, based in Panama, he never received any credible information linking the Panamanian leader, Gen. Manuel Antonio Noriega, to drug trafficking.

Gorman, who headed the U.S. Southern Command in 1983-85, said U.S. Embassy officials in Panama repeatedly assured him Noriega was a "major contributor" to U.S. efforts to combat the drug trade.

But according to allegations in two U.S. federal indictments returned against Noriega last week, Noriega at the time had converted Panama into a safe haven for international drug traffickers smuggling narcotics into the United States.

Gorman said an investigation he initiated determined that Noriega was making a fortune from a wide array of "very, very shady" commercial ventures, including shipping, airlines and import-export businesses. Gorman said he had access to information from several U.S. military intelligence units based in Panama, but said his inquiry did not link Noriega to the drug trade.

After his Senate testimony, Gorman said that he had heard "rumors" but that "I had no solid reason to believe [Noriega] was engaged in any direct sense" in drug trafficking.

Gorman's testimony before the Senate Foreign Relations subcommittee on terrorism, narcotics and international communications is likely to fuel the controversy that has erupted over whether the U.S. government covered up or ignored allegations tying Noriega to drugs. Reagan administration officials have strongly denied these claims.

Congressional officials note that the reports of Noriega's cooperation received by Gorman are con-

sistent with letters of praise written to Noriega by John C. Lawn, head of the U.S. Drug Enforcement Administration, and his two predecessors, Francis (Bud) Mullen Jr. and Peter B. Bensinger.

Administration officials in the last six months have been pressing Noriega, Panama's military commander and de facto ruler, to resign and permit restoration of democratic rule, a move that has prompted Noriega to charge that the indictments are part of a "systematic campaign" to destabilize Panama.

In a television interview broadcast Sunday on CBS's "60 Minutes" program, Noriega added a new element, charging that his troubles stemmed from his refusal to participate in an alleged secret U.S. plan to invade Nicaragua. Noriega said he learned of the plan in a December 1985 meeting with then-Vice Adm. John M. Poindexter, the president's national security adviser.

White House spokesman Marlin Fitzwater yesterday denied that the administration ever considered such a plan, calling Noriega's claims the "idle charges of a man indicted for drug-running."

Current and former U.S. officials have said Noriega, who headed Panama's military intelligence before becoming military chief in August 1983, had a close relationship with the Central Intelligence Agency and was viewed as an important link with Cuban leader Fidel Castro.

Gorman, who said he did not have a close relationship with Noriega, said "another agency of the government" sponsored trips by Noriega to the United States. One informed source said the unidentified agency cited by Gorman was the CIA.

Gorman said Noriega regularly reported to U.S. officials on his meetings with Castro, but added: "I

don't think any of us paid much credence on what he said."

When he arrived in Panama in 1983, Gorman said, he unsuccessfully recommended that the Southern Command headquarters be removed from Panama because "we were, in effect, in the hands of this man [Noriega]."

"I would not do anything to irritate him, lest he indulge in one of his picayune acts of retribution," Gorman said.

The indictments allege that Noriega laundered large sums of money derived from U.S. drug sales between 1981 and 1986. Gorman said he did not learn of Noriega's alleged ties to drug-money laundering until after he retired from the

military and worked as a consultant in 1986 to the President's Commission on Organized Crime.

Staff writer Bill McAllister contributed to this report.